

## **EXHIBIT B**

### **CALIFORNIA HOUSING FINANCE AGENCY**

#### **INSURANCE REQUIREMENTS FOR CALIFORNIA HOUSING FINANCE AGENCY DEVELOPMENTS**

Owner shall procure and maintain for the duration of the loan, insurance against claims for injuries to persons or damages to property, which may arise from or in connection with the owners operation of the premises to which this contract applies.

##### ***Minimum Scope of Insurance***

Coverage shall be at least as broad as:

1. Property insurance against the perils of fire, "extended coverage", vandalism, and malicious mischief to real property and business income (rents).
2. If not granted a waiver, Property insurance against the perils of earthquake and flood for both real property and business income (rents). (May be purchased through CalHFA).
3. Insurance Services Office Commercial General Liability coverage (occurrence Form CG 0001).
4. Insurance Services Office Form Number CA 0001 covering Automobile Liability, Code 1 (any auto).
5. Workers; Compensation insurance as required by the State of California and Employer's Liability Insurance.
6. Boiler and Machinery coverage against standard "broad form" perils.

##### ***Minimum Limits of Insurance***

Owner shall maintain limits no less than:

1. Property Insurance: Full replacement cost with no coinsurance penalty provision for real property, and at least the annual gross potential rental income for the development for business interruption coverage.
2. General Liability: (Including operations, products and completed operations.) **\$1,000,000** per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.

3. Automobile Liability: **\$1,000,000** per accident for bodily injury and property damage.

4. Employer's Liability: **\$1,000,000** per accident for bodily injury or disease.

5. Earthquake and Flood:

A. Limit as provided through participation in the earthquake and flood DIC policy coverage offered through the Agency, or.

B. For new proposed projects, application to Multifamily Programs underwriting for a waiver.

C. For projects not covered by the Agency policy or granted a waiver, total replacement value (building replacement cost plus business interruption value) with no coinsurance penalty provision.

Blanket earthquake insurance policies will be considered on a case by case basis.

6. Boiler & Machinery: **\$1,000,000**.

### ***Deductibles and Self-Insured Retentions***

Any deductibles or self-insured retentions must be declared to and approved by CalHFA. At the option of the CalHFA, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects CalHFA, its officers, officials, employees and volunteers; or the owner shall provide a financial guarantee satisfactory to CalHFA guaranteeing payment of losses and related investigations, claim administration, and defense expenses.

Notwithstanding the foregoing, the owner may select deductibles no greater than \$10,000 per occurrence on Property and Boiler & Machinery coverages, and no greater than 5% of the values per building per location at the time and place of the loss per occurrence on Earthquake and Flood coverages.

### ***Other Insurance Provisions***

With respect to Property and Earthquake and Flood coverage, the Agency's interest shall be protected by a Lenders Loss Payable Endorsement naming the Agency as "Loss Payee."

Crime Coverage: The Agency recommends, but does not require owner to carry insurance covering money or other property against burglary, robbery or theft.

Directors and Officers: The Agency recommends but does not require liability insurance for directors and officers of non-profit boards.

The general liability policy is to contain, or be endorsed to contain, the following provisions:

1. The owner's insurance coverage shall be primary insurance. Any insurance or self-insurance maintained by the Agency shall be excess of the owner's insurance and shall not contribute with it.
2. Each insurance policy required by this clause shall be endorsed to state that coverage shall not be canceled, reduced or modified except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the Agency.

### ***Acceptability of Insurers***

Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A: VII or an S&P rating of AA.

### ***Verification of Coverage***

Policies must be acquired at initial occupancy and a certificate of insurance must be submitted to the Agency for approval 45 days prior to permanent loan recordation. Renewal insurance certificates must be submitted 30 days prior to the expiration date of any current certificate.

### ***Impounds***

At the time of permanent loan closing, the Agency will establish insurance impounds